

Item #39-B

ADDITIONAL MATERIAL

REGULAR MEETING

MAY 12, 2026

SUBMITTED AT THE REQUEST OF

COUNTY ADMINISTRATION



Public Works and Environmental Services Department
SOLID WASTE AND RECYCLING SERVICES

1 N. University Drive, Suite 400 • Plantation, Florida 33324 • 954-765-4999 • FAX 954-577-2391

MEMORANDUM

DATE: May 6, 2026

TO: Mayor, Vice-Mayor, and Board of County Commissioners

THRU: Kevin Kelleher, Deputy County Administrator *Kelle*

FROM: Notosha Austin, Director, Solid Waste and Recycling Services *NA*

RE: Impacts of Participating in the Solid Waste Disposal and Recyclables Materials Processing Authority

On May 12, 2026, the Board of County Commissioners will consider approval of the First Amendment ("Facilities Amendment") to the Interlocal Agreement ("ILA") for Solid Waste Disposal and Recyclable Materials Processing Authority of Broward County ("Authority"). The intent of this memorandum is to outline notable operational and financial aspects that are expected to have a direct impact on Solid Waste and Recycling Services' programs and operations. While the Authority's regional approach and long-term commitment present potential benefits, several structural and operational considerations may limit the County's ability to achieve expected service and cost outcomes.

Leveraging solid waste materials through economies of scale is a key feature of Authority participation. Broward County has previously experienced elements of this approach through the Resource Recovery System. While participation offers potential operational and financial efficiencies, it does not absolve the County's ultimate responsibility to provide disposal capacity for solid waste. Based on the considerations outlined below, several structural, financial, and operational factors may limit the extent to which anticipated benefits are realized and may introduce risks to service reliability, flexibility, and cost stability over time. As such, the County should approach this opportunity with its own proactive risk mitigation and contingency planning, which may be more comprehensive than what is contemplated in the Facilities Amendment.

OPERATIONAL CONSIDERATIONS

How does participation affect delivery of services, infrastructure access, and the County's ability to meet operational obligations?

| | POTENTIAL BENEFITS | KEY LIMITATIONS AND RISKS |
|---|--|---|
| REGIONAL SYSTEM COORDINATION | <ul style="list-style-type: none"> • Integrated system may improve coordination for planning. • Authority responsible for evaluating system capacity, contingency planning, reviewing system facility reports. • Continuity of service protections reduce risk of service disruption. • Opportunity to contract for shared infrastructure including regional transfer stations, recycling facilities, and contracted disposal capacity without the County having the sole responsibility for managing. • Authority would be responsible for flow control and ensuring data transparency; A regional entity like the Authority provides a centralized mechanism for achieving more uniform implementation. | <ul style="list-style-type: none"> • Reduced direct County operational control. Authority, not the County, coordinates system decisions, contracts, and planning. • Dependence on multi-party governance may delay decisions or limit alignment with County priorities. • Authority cannot own disposal facilities (landfills/WTE), which limits its control over long-term capacity. • County's access to timely and complete data may depend on Authority processes and compliance. • As the County is responsible for State Reporting on behalf of Broward County, if not managed correctly, necessary data may not be readily available, which may affect recycling reporting. |

| | POTENTIAL BENEFITS | KEY LIMITATIONS AND RISKS |
|--|--|---|
| ASSET OWNERSHIP & INFRASTRUCTURE STRATEGY | <ul style="list-style-type: none"> • Authority has flexibility via contracts which can be used to leverage public-private partnerships (with some limitations). | <ul style="list-style-type: none"> • Reduced County control over rate-setting, service levels, and operational standards. |
| SERVICE DELIVERY & FLEXIBILITY | <ul style="list-style-type: none"> • County can conduct independent technical reviews and recommend corrective actions, but may have limited ability to enforce changes. | <ul style="list-style-type: none"> • Reduced flexibility for the Broward Municipal Services District (BMSD) as participation may constrain independent decision-making on vendors, pricing, and service models. • Long-term commitments to Authority-controlled system may limit the ability to adjust to market or technology changes. • If the Authority underperforms or dissolves, the County may need to step in quickly. |
| WIND DOWN ASSET OWNERSHIP | <ul style="list-style-type: none"> • County has first right to key regional assets, if desired. • The structured Wind Down framework provides clear asset transfer, service transition, and continuity of services which reduce risk of potential disputes, though timelines are short. • As an alternate procedure under the Wind Down, there is the option to centralized services under the County to minimize or negate disruption of services and operations provided that at least a threshold of 55% of the total population of participating municipalities is met. | <ul style="list-style-type: none"> • As part of post Wind Down operations, County could inherit assets, operations, and service obligations within ~ 150 days, which may be difficult to manage in that timeframe. • Operational restrictions require mandatory use of transferred assets for solid waste purposes only, for five years, or trigger financial obligations, limiting future flexibility. • Asset allocation during Wind Down can be administratively complex and potentially contentious. |

FINANCIAL IMPLICATIONS

This section evaluates cost structures, funding responsibilities, rate-setting responsibilities, and financial risk exposure to the County/BMSD.

| | POTENTIAL BENEFITS | KEY LIMITATIONS AND RISKS |
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| COST STRUCTURE AND COUNTY'S CONTRIBUTIONS | <ul style="list-style-type: none"> • Regionalization offers an opportunity for cost sharing across municipalities including the spread of capital and operating costs. This reduces the burden on BMSD and/or potential County facilities. • Costs are predictable due to “Maximum Service Charges” cap that requires a supermajority vote to change. • Benefiting from economies of scales using aggregated tonnages to leverage negotiating power for disposal, processing, and recycling contracts. • Reduces the need for County to independently finance or build redundant facilities. | <ul style="list-style-type: none"> • Mandatory financial participation by the BMSD to contribute to Authority budget. • BMSD would be exposed to regional cost drivers fueled by System-wide decisions (technology, facilities) though the BMSD only represents approximately 2 percent of the waste stream generated. • Any Authority-imposed surcharge or fees may ultimately be passed down to BMSD residents perhaps without seeing a direct benefit if some programs to be funded are already currently provided by the County. • BMSD may be at risk of subsidizing less efficient municipalities or system components. • Per-ton surcharges will impose an increase to Broward County Landfill (“BCL”) customers. • As a landfill operator, additional due diligence and training will be required to ensure the proper accounting for surcharges collected and paid to the Authority. • Future programs and projects such as organics processing and yard waste collections may require BMSD participation which could result in future unknown recurring costs related to collections, transportation, logistics and distance to facility. |

| | POTENTIAL BENEFITS | KEY LIMITATIONS AND RISKS |
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| RATE SETTING & FINANCIAL GOVERNANCE | <ul style="list-style-type: none"> Established protocols for clear separation of Authority funds versus assets which improve financial accountability. | <ul style="list-style-type: none"> County cannot independently set rates for Authority services. Possible risk of underinvestment due to political resistance to rate increase which could defer capital needs. Rates exclude unfunded mandates like additional collection contracts for recycling and yard waste. |
| FINANCIAL RISK ALLOCATION | <ul style="list-style-type: none"> Authority's debts are not County liabilities. Authority must exhaust its own funds before asset liquidation. | <ul style="list-style-type: none"> County may face indirect financial exposure if the Authority fails or dissolves. The County may need to rapidly fund replacement services or possibly expand the BCL. |

MASTER PLAN

The Regional Solid Waste and Recycling Master Plan establishes a 40-year countywide strategy for managing solid waste and recycling initiative with a coordinated, phased in approach.

| | POTENTIAL BENEFITS | KEY LIMITATIONS AND RISKS |
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| MASTER PLAN FINANCIAL IMPLICATIONS | <ul style="list-style-type: none"> Overall, while rates are likely to be higher because of mandatory regional recycling, tipping fee surcharges, and the Authority's overhead, economies of scale should reduce price for disposal services through better contracts with more predictable and stable expenses. | <ul style="list-style-type: none"> The framework of the Master Plan relies on future actions, waste flow assumptions, phased implementation, and commitments which presents unknown financial presumptions. Member contributions will move to surcharge-based funding which may increase costs for BMSD rate payers. |

| | POTENTIAL BENEFITS | KEY LIMITATIONS AND RISKS |
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| REGIONAL COLLABORATION | <ul style="list-style-type: none"> • Master Plan facilitates regional coordination and standardization contemplating the eventual adoption of uniform or aligned approaches to recycling programs, diversion initiatives, and public education efforts. • Economies of scale yields stronger negotiating power. | <ul style="list-style-type: none"> • Standardized recycling and diversion programs may limit the County’s ability to tailor policies to its specific service area, or policy priorities. • County initiatives could be slowed or constrained by the need for regional consensus. |
| DELIVERY OF SERVICES | <ul style="list-style-type: none"> • Emphasis on harmonized countywide services, uniform recycling programs and standardized reporting which should improve operational efficiencies. | <ul style="list-style-type: none"> • Success is dependent on participation and behavioral change on a larger scale. Flow control, phased in ordinance changes, inspections and tonnage tracking on a larger scale becomes complex to address. |

As noted above, the Master Plan proposes a multi-stage funding approach that differs from the County’s current system and is important to understand at a high level.

In **Phase I (FY 2027)**, the Authority is funded through modest, population-based contributions (about \$2–\$2.25 million systemwide) used for administration, planning, and program startup; the **County’s direct share is estimated to be approximately \$21,000** for the BMSD.

In **Phase II (beginning FY 2028)**, the Authority transitions to a **per-ton surcharge** (about \$2.22 per ton, generating roughly \$9.2 million annually) applied to waste delivered to facilities; **the County’s direct cost for BMSD residential collections is estimated at about \$25,000**. These Authority charges are added to the underlying cost of waste services.

There are several considerations provided below:

- 1) The Master Plan’s “Detailed Financial Plan’s” numbers do not reflect actual market prices. The referenced rates for services like disposal and recycling are “Maximum Service Charge” planning numbers, not executed contracts, and the Authority’s “Detailed Financial Plan” itself says greater clarity requires solicitations. So, there is a risk that the Authority model may look competitive on paper only because it assumes procurement success that has not yet happened.
- 2) The Authority model is a broader government-run regional utility model with new administrative costs, reserves, capital planning, surcharge collection, audits, reporting

systems, and eventually assessments. The Authority's "Detailed Financial Plan's" Phase I and Phase II costs appear small because they are mainly startup and surcharge layers, but the real unknown costs are embedded in the underlying disposal, recycling, yard waste, and future infrastructure assumptions.

- 3) The \$21,000 FY 2027 County/BMSD contribution and \$25,000 FY 2028 County/BMSD surcharge estimate are useful, but analytically incomplete. They describe the County's **direct municipal-area share (for the BMSD) not the County's broader exposure as a system participant, policymaker, potential backstop, land/facility owner, or regional government.** If the Authority under-recovers revenue, misses tonnage assumptions, faces procurement overruns, or needs capital, the practical burden may come back to the same taxpayers and ratepayers in the municipalities and the BMSD alike.
- 4) Funding is based on tonnage estimates. The Authority assumes about 4.1 million surcharge-eligible tons in FY 2028 after excluding non-certified tons. That is a huge base. If actual controlled/chargeable tonnage is lower, the surcharge must rise or revenue falls short. Flow control, hauler behavior, facility participation, non-ILA leakage, recycling diversion, and reporting accuracy all matter. A \$2.22/ton surcharge works only if the tons are actually captured.
- 5) The Master Plan relies on recycling which needs to be done correctly. The Waste Characterization Study shows substantial recyclable and compostable material in the waste stream, but that does not mean it can be economically recovered. Residential MSW contains about 30.5% recyclable and 34.6% compostable material; commercial MSW contains about 32.7% recyclable and 28.4% compostable material. That sounds like opportunity, but it also means expensive behavior change, contamination control, collection changes, processing capacity, and market pricing. **The study also found about 32.7% contamination/residue in the recycling stream. High contamination can turn "recycling" into an additional cost item very quickly.**
- 6) The County's Disposal Agreement may look narrower, but narrow is not always bad. It provides a known disposal framework, defined rates, annual adjustments, guaranteed capacity, and reconciliation mechanisms. The Authority model may be more comprehensive, but comprehensive also means more execution risk. You are comparing a signed contract against a proposed financial plan.
- 7) The Authority model may shift costs rather than reduce them. Phase I contributions, Phase II surcharges, and later non-ad valorem assessments are different billing mechanisms, not necessarily savings. Residents and businesses may experience the Authority as a new regional charge layered into disposal bills or tax bills. The Authority's "Detailed Financial Plan's" own structure moves from population contributions to tonnage surcharges and then to property assessments.

OTHER CONSIDERATIONS

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| FLOW CONTROL ENFORCEMENT | <ul style="list-style-type: none">• Authority revenue sources for the first few years will depend on the flow of Authority waste in Broward.• Proper flow control oversight is essential to ensuring Broward's waste goes to its proper destination and may be difficult to implement consistently.• Municipalities do not have the staff, time, nor understanding on how to implement effective flow control, which may limit enforcement.• This matter should not be taken lightly and should not rest on punitive damages in franchise agreements to effectively manage a municipality's flow of materials. |
| FUTURE WASTE DIVERSION PROGRAMS | <ul style="list-style-type: none">• The Master Plan outlines other potential waste diversion opportunities such as organics processing and construction and demolition recycling.• However, these programs are not a part of the current cost structure, including costs for staff or vendors to manage such programs, creating uncertainty about future funding.• Depending on program design, the County may be required to administer or fund these programs in the future, on behalf of the BMSD, without understanding what the price tag may be. At this time, it is unclear who will be responsible to do the work and estimated associated costs. |
| NEW RATES FOR SOLID WASTE SERVICES | <ul style="list-style-type: none">• BMSD may be subject to the solid waste disposal and/or recyclables processing rates derived from the Authority's RFP process.• It is possible that these rates may be higher than the County's current rates for the same or similar services.• The County currently pays the lowest rate for recyclables processing in the County. Increased costs may be passed on to BMSD residents. |

SUMMARY

Based on the considerations outlined above, the Authority presents a comprehensive regional approach given its potential for long-term coordination of waste and recycling services and system stability. However, regionalization does come with loss of control and execution risks, as this framework remains dependent on key assumptions related to procurement outcomes, tonnage capture, and recycling economics.

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